

HOUSE BILL REPORT

HB 2591

As Reported by House Committee On:
Transportation

Title: An act relating to special fuel taxes.

Brief Description: Providing an exemption from special fuel taxes for regional transit authorities.

Sponsors: Representatives B. Sullivan, Blake, Roberts and Lovick.

Brief History:

Committee Activity:

Transportation: 1/30/06, 2/1/06 [DPS].

Brief Summary of Substitute Bill

- Exempting a regional transit authority from the special fuel tax even if its bus routes exceed 25 road miles beyond the county limits where the buses started.
- Allowing refunds or credits on special fuel used in bus trips extending more than 25 road miles beyond the county limits where the trips originated, if the trips are provided by or on behalf of a regional transit authority.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 28 members: Representatives Murray, Chair; Wallace, Vice Chair; Woods, Ranking Minority Member; Appleton, Buck, Campbell, Clibborn, Curtis, Dickerson, Ericksen, Flannigan, Hankins, Holmquist, Hudgins, Jarrett, Kilmer, Lovick, Morris, Nixon, Rodne, Schindler, Sells, Shabro, Simpson, B. Sullivan, Takko, Upthegrove and Wood.

Staff: David Bowman (786-7339).

Background:

Transportation funding in Washington is supported by a variety of taxes and fees. The majority of statewide transportation revenue comes from a tax on motor vehicle and special fuel, vehicle licensing fees and gross weight fees. Vehicle fuels are taxed under the Motor Vehicle Fuel Tax Act or the Special Fuel Tax Act, both currently at the rate of 31 cents per gallon.

The special fuel tax applies to all combustible gases and liquids suitable for generating power to propel motor vehicles, except gasoline. The main types of fuels subject to the special fuel tax are diesel, natural gas, propane, butane, and a certain dyed fuel prescribed by federal law. Several categories of uses are exempt from the special fuel tax, including using such fuel for street and highway construction and maintenance purposes in government owned or operated motor vehicles, in publicly owned fire fighting equipment, and in special mobile equipment related to construction.

Additionally, urban passenger transportation systems and other specially-defined carriers are exempt from paying the fuel tax. "Urban passenger transportation system" means every publicly or privately owned transportation system that has bus fares as its principal source of revenue. An urban passenger transportation system is exempt from the special fuel tax only if its direct or connecting bus routes do not exceed 25 miles beyond the corporate limits of the county where the vehicle started.

An urban passenger transportation system meeting the criteria of this exemption is entitled to a refund or credit against special fuel used by its urban transportation vehicles. No refund or credit is granted, however, on special fuel used by an urban transportation vehicle on any trip where a portion of the trip is more than 25 road miles beyond the corporate limits of the county in which the trip originated.

A regional transit authority provides, and contracts with bus service providers to provide, bus routes that extend 25 miles or more beyond the county in which the buses originated.

Summary of Substitute Bill:

A regional transit authority is exempt from the special fuel tax even if it operates direct and connecting bus routes extending further than 25 road miles beyond the corporate limits of the county where the buses started.

Refunds and credits must be granted on special fuel used on a bus trip provided by or on behalf of a regional transit authority, even where a portion of the trip is more than 25 road miles beyond the corporate limits of the county in which the trip originated.

The definition of "urban passenger transportation system" is modified to expressly include a regional transit authority authorized to provide public transportation services extending across the corporate limits between two or more counties. The definition is further modified to include any urban transportation provider that has bus fares as a source of revenue.

Substitute Bill Compared to Original Bill:

The requirement that an urban transportation system have bus fares as "its principal source of revenue" is replaced with the requirement that an urban transportation system have bus fares as "a source of revenue."

Appropriation: None.

Fiscal Note: Preliminary fiscal note available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: (Original bill) Transit agencies, including Sound Transit, have been exempt from the Special Fuel Tax for fuel used in providing bus service to the citizens of Washington. A recent audit of a local transit agency found, however, that Sound Transit's longer routes, and those longer routes provided on Sound Transit's behalf by local transit agencies, were not exempt from the Special Fuel Tax Act because of the 25-mile statutory limit. This bill provides Sound Transit with the same exemption provided to local transit agencies, irrespective of route length.

Testimony Against: None.

Persons Testifying: Representative B. Sullivan, prime sponsor; and Melanie Newman, Sound Transit.

Persons Signed In To Testify But Not Testifying: None.